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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

No. 328

SPACE AERO PRODUCTS CO., INC., *et al.*, *Petitioners*

v.

R. E. DARLING CO., INC., *Respondent*

On Petition for a Writ of Certiorari to the Court of Appeals of Maryland

PETITIONERS' REPLY BRIEF

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Because the respondent's Brief in Opposition is largely nonresponsive to the arguments contained in the Petition, we will not burden the Court by replying to most of the contentions and assertions made by respondent. However, respondent's Brief does contain three misconceptions which require brief response.

1. Respondent states that the Federal questions presented by the petition may not be considered by this

Court because they were not properly raised in the Maryland trial court, and, therefore, under Rule 885 of the Maryland Rules of Procedure, the Maryland Court of Appeals "could not consider them". (Br. in Op., p. 9.)

This argument is fallacious. Rule 885 does not contain an absolute proscription. Rather, it merely states that "this Court will not *ordinarily* decide any point or question which does not plainly appear by the record to have been tried and decided by the lower court . . ." (Emphasis supplied). The question, then, is not what the Maryland Court of Appeals may "ordinarily" do, but what it did here.

As was pointed out in the Petition (p. 11, n. 9), the Maryland Court of Appeals ignored respondent's argument that Rule 885 precluded a review of petitioners' Federal questions, and, instead, passed upon the merits of those questions, stating that the Federal questions "raised in appellants' motion have been considered by us in reaching the determinations set forth in the opinion and in respect thereto we adhere to the conclusions which we have set forth". (Pet. App., p. 48a). In view of this statement, we submit that this situation is governed by a long-established principle: namely, that this Court "need not inquire how and when the [Federal] question . . . was raised when such question appears to have been actually considered and decided by . . . [the highest state] court." *Charleston Fed. Sav. & Loan Ass'n* v. *Alderson,* 324 U.S. 182, 185-86 (1945). See also *Home Ins. Co.* v. *Dick,* 281 U.S. 397 (1930); *Saltonstall* v. *Saltonstall,* 276 U.S. 260 (1928).

2. In its terse allusion to petitioners' contentions derived from the exclusive nature of the Federal patent

system—which are based upon the extraordinary breadth of the injunction involved here—the respondent suggests only that the injunction should apply to the manufacture and sale of the end product, as well as to the alleged secret process of manufacture, because, otherwise "it would be impossible to determine from an examination of the finished product whether the petitioners were using respondent's methods, processes or techniques in manufacturing the hose". (Br. in Op., pp. 17-18). Respondent suggests that the trial court could enforce an injunction limited to the alleged secret process only by "posting expert observers in petitioners' plants around the clock to determine if petitioners were using respondent's trade secrets". (Br. in Op., p. 18).

Respondent's appeal to practicality is hardly a sufficient basis for departing from the normal type of relief granted in trade secret cases or for justifying the extraordinary incursions upon the Federal patent system described in the Petition. Apparently, the Maryland Court of Appeals did not consider the alleged secret process so vague and nondescript as to preclude an injunction which merely prohibited further use of it, since that is exactly the type of proscription which it directed the trial court to decree against petitioners' employees, even though they are thoroughly versed in the processes used by Space Aero in the manufacture of its hoses.

Moreover, it is contrary to the well-established rule that injunctions are to be narrowly drawn, and a misconception of the powers of a court of equity to suggest, as respondent has, that the possible difficulty of enforcing a properly drawn injunction justifies a broader, but improperly drawn, one. Surely, we must assume that

the arsenal of weapons available to an equity court is sufficient to enforce the court's decrees. Thus, the courts below could have imposed on petitioners the obligation of coming forward at the time of any citation for contempt and showing that their method of manufacture was derived from sources other than the respondent's "secret process."—As respondent itself observes, it appears that there is already in existence at least one process alternative to the so-called "secret process" practiced by respondent. (Br. in Op., p. 11). —Certainly this would be a feasible method of enforcing a properly framed decree—that is, one which only prohibits use of the respondent's allegedly secret process—short of "posting expert observers in petitioners' plants around the clock to determine if petitioners were using respondent's trade secrets."

The answer to any practical difficulties that might exist in enforcing a properly limited injunction, then, does not lie in drafting an injunction substantively so broad that it would be contemned by the practice of a process which the parties might stipulate was not derived from respondent. It is clear that the injunction here as a matter of substance prohibits the manufacture of the end items in question regardless whether the so-called "trade secrets" are used or not. Putting to one side the question whether relief which so flatly contradicts the exclusive scheme of the federal patent laws as that ordered here could ever be justified, against challenge under the Supremacy Clause, on the grounds of practical necessity, it is obvious that no such practical necessity exists here.

3. In response to petitioners' Due Process argument, respondent asserts that the sweeping injunction issued by the lower courts is not punitive in nature, but to the

contrary, is more lenient than could have been imposed, since, in accordance with the so-called "*Conmar*" doctrine, its provisions may be terminated once the alleged trade secret becomes generally known to the public.

Respondent's argument misses the point. The issue before the Court is not the length of the injunction, but its unreasonable breadth. It does petitioners little good to know that the injunction may be lifted at some remote time in the future when respondent's so-called secret process becomes known to the public generally, if, in the meantime, they must go out of business.

In fact, respondent's allusion to the *Conmar* rule points up the extreme nature of the ruling below: if respondent's alleged secret process becomes known to the public, petitioners are free to manufacture and sell hoses produced by means of that process; but if someone else's secret process becomes widely known, or if petitioners develop their own process, they are, nevertheless, precluded from manufacturing and selling hoses produced by means of those processes so long as respondent's process remains shrouded in secrecy.*

Even the so-called "harsh" doctrine of the *Shellmar* case, *Shellmar Products Co.* v. *Allen-Qualley Co.*, 87 F. 2d 104 (7th Cir. 1936), *cert. denied*, 301 U.S. 695 (1937), does not lead to such an absurd result. While it is true that the Court of Appeals there held that

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* Despite its protestations to the contrary, even respondent must consider the relief decreed below as punitive, since it attempts epithetical justification of the injunction on the basis that petitioners' "larcenous proclivities as proven in court render them untrustworthy and dictate that the only practical means of preventing them from wrongfully using respondent's trade secrets is to prohibit them from manufacturing the product". (Br. in Op., p. 22).

one who misappropriates a trade secret may not use the secret even after the veil of secrecy has been lifted, nevertheless the injunction was limited to the specific secret process there involved and did not apply to the manufacture and sale of the end product.

Here again, respondent seeks to justify the breadth of the decree on the basis of administrative convenience and practicality. (Br. in Op., p. 22) We submit that administrative convenience is a dubious basis on which to deprive the individual petitioners of the right to pursue their chosen callings. This is particularly the case when it is considered that none of the petitioners who had been respondent's employees had any tenure arrangement with respondent, and that petitioner Brandenburg (who was never an employee of respondent) has been in the business since 1947 and recognizedly had the know-how to make the hoses independently of Darling's processes. (Pet. App., pp. 23a, 31a, 39a) Clearly, a more measured injunction (see p. 4, *supra*) not only would have protected respondent's rights but have avoided disqualification of the petitioners from their chosen calling. Since such an alternative was available it should have been used. *Cf. Dean Milk Co.* v. *City of Madison,* 340 U.S. 349 (1951).

CONCLUSION

For the reasons stated in the Petition for Certiorari and herein, the Petition for Certiorari should be granted.

Respectfully submitted,

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